

COUNCIL OF THE CITY OF COVENTRY**17th January, 2006****PRESENT**

Lord Mayor (Councillor Lakha)

Deputy Lord Mayor (Councillor Ahmed)

Councillor Arrowsmith	Councillor Mrs. Lucas
Councillor Asif	Councillor Ms. McKay
Councillor Auluck	Councillor McNicholas
Councillor Batten	Councillor Mrs. Maskell
Councillor Benefield	Councillor Matchet
Councillor Bhyat	Councillor Mulhall
Councillor Mrs. Bigham	Councillor Mutton
Councillor Blundell	Councillor Nellist
Councillor Charley	Councillor H. Noonan
Councillor Chater	Councillor M. Noonan
Councillor Cliffe	Councillor O'Neill
Councillor Clifford	Councillor Patton
Councillor Crookes	Councillor Miss Reece
Councillor Mrs. Dixon	Councillor Ridge
Councillor Duggins	Councillor Ridley
Councillor Foster	Councillor Ruddy
Councillor Gazey	Councillor Mrs. Rutter
Councillor Mrs. Griffin	Councillor Sawdon
Councillor Mrs. Harper	Councillor Skipper
Councillor Harrison	Councillor Mrs. Stone
Councillor Ms. Hunter	Councillor Taylor
Councillor Mrs. Johnson	Councillor Townshend
Councillor Kelly	Councillor Williams
Councillor Kelsey	
Councillor Mrs. Lacy	
Councillor Lee	

Apologies:- Councillor Basu
Councillor Field
Councillor Mrs. Lancaster

103. Minutes

The minutes of the meeting held on 13th December, 2005, were signed as a true record.

104. New Year's Honours

The Lord Mayor referred to the following awards made to Coventry citizens in the New Year's Honours List:-

MBE to Ian Bell for his contribution to the England Cricket Team in winning the Ashes against Australia.

MBE to Ellen Emms for her voluntary work to the community of Stoke Aldermoor.

MBE to Bob Hall of Hall Brothers for his contribution to the training of young people.

Councillors noted that letters of congratulations had already been sent out on behalf of the City Council to all recipients.

105. **Gez Murphy**

The Lord Mayor indicated that, following the success of Nuneaton Borough against Middlesbrough in securing an FA Cup third round replay, on behalf of the City Council he had written to Gez Murphy, a City Council employee in the Sports Development Unit and member of Nuneaton Borough Football Club, extending the Council's congratulations and wishing Nuneaton Borough success in the replay.

106. **Petitions**

RESOLVED that the following petitions be referred to the appropriate City Council body/external organisation:-

- (a) **Primelines Bus Lane – Stoney Stanton Road** - 112 Signatures presented by Councillor Ahmed.
- (b) **Dog Fouling in Green Lane South Area** - 89 signatures presented by Councillor Crookes.
- (c) **Objection to Installation of Single Sided Static Internally Illuminated Advertising Panel on Bus Stop on Oban Road/Sydnall Road** – 35 signatures presented by Councillor Mrs. Stone.
- (d) **Request for the Reinstatement of a Bus Service for Brixham Drive and Parry Road to Replace the Number 48 Service** – 242 signatures presented by Councillor Benefield.
- (e) **Support for the Erection of Ornamental Entrance Arches Surrounding Stoke Green** – 13 signatures presented by Councillor Townshend.
- (f) **Tesco Trolleys Being Discarded in the Canal, River Sowe and the Longford Area** – 30 signatures presented by Councillor Mrs. Stone.
- (g) **Request to Improve Safety for All Pedestrians at Gibbet Hill Road** – 40 signatures presented by Councillor Blundell.
- (h) **Swanswell Project – For Real Regeneration, Not Social Cleansing** – 578 signatures presented by Councillor Nellist.

107. **Declarations of Interest**

The following Councillors had been granted dispensations by the Standards Committee on 30th November, 2005, which enabled them to speak and vote at meetings on the Ricoh Arena Development (Minute 111 below refers):-

Councillor

Councillor Chater
Councillor Cliffe
Councillor Duggins
Councillor Foster
Councillor Mrs. Lucas
Councillor Mutton
Councillor H. Noonan
Councillor Ridley
Councillor Sawdon
Councillor Skipper
Councillor Mrs. Stone

In addition, the following officers declared interests in the same Minute:-

Stella Manzie and John McGuigan are both Directors of the Arena Company Limited (ACL).

Stella Manzie, John McGuigan, Chris Hinde and Angie Ridgwell are all Directors of Coventry North Regeneration Limited (CNR).

108. **Exclusion of Press and Public**

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for part of the item of business contained in Minute 110 below, relating to "New Homes for Old Phase 2 Private Finance Initiative (PFI) – Contract Negotiations" on the grounds that that item of business involves the likely disclosure of exempt information as defined in Schedule 12A of that Act, in particular Paragraphs 7, 8 and 9 of that Schedule.

109. **Question Time**

The appropriate Councillor answered all the questions set out in the Questions Booklet, together with the Supplementary Questions put to them at the meeting.

The following Councillor answered oral questions put to them by other Councillors as set out below, together with supplementary questions on the same matters:-

Question Asked By	Question Put To	Subject Matter
Councillor Nellist	Councillor Sawdon	Closure of Whitefriars local office which serves St. Michael's Ward and changes in the criteria for inclusion on the Whitefriars Housing Register
Councillor Skipper	Councillor Ms. Hunter	Daimler Green Sports Trust
Councillor Nellist	Councillor Matchet	Housing List

Councillor Mrs. Stone	Councillor Foster	Expenditure on A45
Councillor Chater	Councillor Taylor	Noise levels from Coventry Airport
Councillor Townshend	Councillor Taylor	Sickness levels in City Services Directorate
Councillor Duggins	Councillor Taylor	Comments made at previous Council meeting regarding "anti-social behaviour districts"
Councillor Kelly	Councillor Foster	Fair Trade City
Councillor Auluck	Councillor Arrowsmith	Bus services in Millennium Place
Councillor Batten	Councillor Taylor	Bid to Lottery Fund for International Spire of Peace
Councillor Gazey	Councillor O'Neill	Training provision for Councillors
Councillor Mutton	Councillor Taylor	Debate at a future Council meeting on Police, Health and Ambulance Services

110. **New Homes for Old Phase 2 Private Finance Initiative (PFI) – PFI Contract Negotiations**

Further to Minutes 180 and 184/05 of the Cabinet, the City Council considered two joint reports, one in public and one in private which detailed the outcome of the negotiations which had taken place with Anchor Trust for Phase 2 of the New Homes for Old (NNFO) Private Finance Initiative (PFI) Project. The private report detailed the proposed terms of contracts along with the financial implications of the proposed arrangements. This matter had also been considered by Scrutiny Board (2) at their meeting on 5th January, 2006, (their Minute 77/05 refers) and had given their support to the proposals.

Anchor Trust were to be invited to enter into a contract to design, build, finance and operate services for older people in three new housing with care facilities and two specialist dementia care facilities. An annual unitary charge would be payable by the Council to Anchor Trust once the first facility became available, for a period of 25 years. The specific terms were being established through the current negotiations in a contract between Anchor Trust and the Council, at the core of which would be a performance related payment mechanism with agreed deductions for failure to meet prescribed standards. The project required Council approval as well as Department of Health, Office of the Deputy Prime Minister and Partnership UK clearance. External auditors confirmation was also required regarding certain accounting treatments. These all needed to be obtained before final contract award and final close was reached.

RESOLVED that the City Council:-

- (1) Approve the outcome from the Council's negotiations with Anchor Trust in respect of financial, technical and legal issues identified by employees and the Council's technical, legal and financial advisors following the submission of Anchor Trust's best and final offer.**
- (2) Give approval to enter into the contract (Project Agreement) for the provision of care services for older people in five new buildings as outlined in the report submitted.**

- (3) Delegate authority to the Director of Community Services to negotiate, settle and approve the final form of the Project Agreement and other ancillary documents relating to the project to achieve financial close during the financial year 2005/2006 and ensure affordability to the Council.**
- (4) Subject to the approval of the Final Business Case by the Office of the Deputy Prime Minister (ODPM) and the Department of Health, enter into the contract with the New Homes for Old Phase 2 Private Initiative Project with Anchor Trust.**
- (5) Authorise the Director of Legal and Democratic Services to sign the Project Agreement and any other ancillary documents.**
- (6) Delegate authority to the Director of Community Services to agree any further substantive charges.**
- (7) Authorise the Director of Legal and Democratic Services to sign the Local Government (Contracts) Act 1997 Certificate in relation to the Project Agreement.**
- (8) Grant the Director of Legal and Democratic Services an indemnity against any claims arising from the signature of the Local Government (Contracts) Act 1997 Certificate in respect of the project.**
- (9) Request that the Cabinet receive a further report on the final outcome of negotiations after financial close.**

111. Ricoh Arena Development

Further to Minute 182/06 of the Cabinet, the City Council considered a joint report which provided details on the progress of the Ricoh Arena development, including timescales and costs.

On 16th October, 2003 the Council approved a scheme to construct an Arena in the North of Coventry on the site of the former Foleshill Gas Works. The Ricoh Arena was a mixed-use regeneration project, including a 32,000 seat football stadium, a casino, conferencing and banqueting suites, offices, fitness studios and community space. The Ricoh Arena was being developed alongside a private sector shopping development.

The Council was the ultimate owner of the Coventry North Regeneration Limited (CNR), a company set up by the Council to construct the Ricoh Arena. The development agreement required CNR, on completion, to lease the Ricoh Arena to Arena Coventry Limited (ACL). ACL would operate the Ricoh Arena and was 50% owned by the Alan Edward Higgs Trust and 50% owned by the Council. ACL was required to pay CNR either rent of £1,950K per annum or a lease premium of £21m. CNR would use this income to repay the £21m loan from the City Council either in instalments or in full. A copy of the Company's structure was attached as an appendix to the report submitted.

The arrangements between the Council and the two companies which it wholly or partially owned were complex. They had however successfully facilitated the building of the Arena and the maximisation of the resource available as well as enabling the successful joint partnerships. The arrangements described in the report were designed to

recognise, in a transparent and balanced way, the impact of the construction issues on the commercial operation of the Ricoh Arena, whilst protecting the interests of the Council, whose approach had always been to carefully control the expenditure of the building of the Ricoh Arena to ensure maximum cost effectiveness and regeneration benefits.

On 19th December 2003, CNR signed the construction contract for the Ricoh Arena with Laing O'Rourke. The contract stated that the completion date for the Arena was 31st July, 2005, subject to any extensions of time granted under the contract. In June 2005, the Council received a report stating that the Ricoh Arena would be completed on 19th August, 2005, and detailed the reasons for the short delay to the opening.

The Council budget for the Ricoh Arena included an allocation for the interest due on the £21m loan from the date that it was advanced to CNR to construct the Arena, until the Ricoh Arena was completed. The Ricoh Arena was substantially completed on 19th August, 2005 and the first football match took place there on Saturday 20th August, 2005. However, there were still a number of areas and items of work that were not fully completed that were in addition to the snagging list of work attached to the Certificate of Practical Completion.

As would be expected in such circumstances, ACL had presented CNR with information that demonstrated the impact that the Ricoh Arena not being fully complete had had on their predicted business plan during the period between 19th August, 2005 and the completion of all outstanding works. CNR recognised that there was an adverse impact on ACL and, as a result, the Directors of CNR had agreed to give ACL an allowance equal to the amount of rent ACL was due to pay CNR between 19th August, 2005 and 31st January, 2006; and time limited cashflow assistance, at a commercial rate of interest, up to an amount of £1m, which would have no cost to the Council.

Despite a buoyant business plan the completion issue had had an effect on ACL's initial trading performance, although current prospects were extremely promising.

The Arena Working Party, established in the initial Council report in October 2003, had been kept informed of all developments in respect of these issues.

Under the previous terms of the agreement, CNR would pass on the ACL rental received directly to the Council. Changes to the agreement following delays in completion meant that this would not now happen until February 2006. Due to the Company restructure arrangements, in the intervening period, the Council would need to provide additional funding to CNR, estimated at £900K in order for the Company to meet its financial obligations to the Council during the period. As CNR was a wholly owned company of the Council, this was at no cost to the Council.

The Council would continue to fund the £21m borrowed to provide the loan to CNR to construct the Arena. The cost to the Council of this borrowing, using the Council's current borrowing rate of 4.28% was estimated to be £400K.

The allowance and the cashflow assistance would give ACL the flexibility to pursue their business plan whilst their financial position was being consolidated. The Council had agreed with ACL that this Agreement would be in full and final settlement of any issues arising from the parts of the development that were not completed on 19th August, 2005.

It was noted that CNR was taking legal advice on the opportunities to get compensation from Laing O'Rourke.

Councillor Mutton moved the following amendment, which was seconded by Councillor Duggins and lost:-

"In Recommendation 2.3, after £21m, insert "to be used to repay the £21m that the Council borrowed for the Arena".

Councillor Nellist moved the following amendment which was seconded by Councillor Mutton and lost:-

"In Recommendation 2.3 after £21m insert "and the Council resolves to use the £21m it receives to pay off the previous loan it had previously taken out to finance the project".

RESOLVED that the City Council:-

- (1) Agree to provide, at no cost to the Council, additional funding, estimated at £900K to Coventry North Regeneration Limited (CNR), the Council's 100% owned development company, to enable the company to meet its financial obligations to the Council during the period between the practical completion of the Arena (19th August, 2005) and the receipt of income from Arena Coventry Limited (ACL) (31st January, 2006), the tenant company of the Ricoh Arena, in the form of either rent or the lease premium.**
- (2) Note that the arrangements made between CNR and ACL means that the Council will be required to borrow the funding costs of the £21m estimated at £400K, until the receipt of income from ACL, after it being noted that this will be funded from general reserves.**
- (3) Note the intention of ACL to pay the lease premium of £21m to CNR to enable the Company to pay the Council loan of £21m.**
- (4) Agree to provide time limited cashflow assistance of up to £1m to CNR, noting the commercial rate of interest would be charged on any amounts advanced as part of the agreement and that this assistance was therefore at no cost to the Council.**
- (5) Agree that the Cabinet receive a report back in 2006 on the progress of the Ricoh Arena development and any related financial and legal implications.**

(NOTE: In respect of the above, a recorded vote was required in accordance with Paragraph 4.1.71 of the City Council's Constitution. The Councillors voting for and against the recommendations were as follows:-

For

Councillor Ahmed
Councillor Arrowsmith
Councillor Asif

Against

Abstain

Councillor Ms. Hunter
Councillor Patton

Councillor Auluck
Councillor Batten
Councillor Benefield
Councillor Byhat
Councillor Mrs. Bigham
Councillor Blundell
Councillor Charley
Councillor Chater
Councillor Cliffe
Councillor Clifford
Councillor Crookes
Councillor Mrs. Dixon
Councillor Duggins
Councillor Foster
Councillor Gazey
Councillor Mrs. Griffin
Councillor Mrs. Harper
Councillor Harrison
Councillor Mrs. Johnson
Councillor Kelly
Councillor Kelsey
Councillor Mrs. Lacy
Councillor Lee
Councillor Mrs. Lucas
Councillor Ms. McKay
Councillor McNicholas
Councillor Mrs. Maskell
Councillor Matchet
Councillor Mulhall
Councillor Mutton
Councillor Nellist
Councillor H. Noonan
Councillor M. Noonan
Councillor O'Neill
Councillor Ms. Reece
Councillor Ridge
Councillor Ridley
Councillor Ruddy
Councillor Mrs. Rutter
Councillor Sawdon
Councillor Skipper
Councillor Mrs. Stone
Councillor Taylor
Councillor Townshend
Councillor Williams
Lord Mayor

Result:- 49 for
0 against
2 abstentions

112. Corporate Performance Assessment (CPA) System – Corporate Assessment of the City Council – Self-Assessment of Progress and Capacity

Further to Minute 185/05 of the Cabinet, the Council considered a report of the Head of Corporate Policy which referred to the forthcoming Corporate Assessment of the Council, to be carried out as part of the Comprehensive Performance Assessment (CPA) system, and sought approval for the Self-Assessment of the Council's progress and capacity. The report detailed the new CPA framework, whereby Councils receive a star rating on a scale of 0 to 4 stars.

In December 2005, the Council was assessed as Improving Well and was awarded two stars. This rating was based on scores for Use of Resources and core services awarded in December 2005 and the score awarded for the Council's last Corporate Assessment, which was carried out in February 2004.

As regards the Corporate Assessment, the Council would receive a corporate assessment inspection which would involve a team of five people on site between 6th March and 19th March 2006, to carry out a range of interviews with Councillors, employees, partners and service users. The inspection team would also review a wide range of documentation about the Council's systems, policies and performance. The team would include three inspectors from the Audit Commission, together with a peer Councillor and a peer officer from other local authorities.

The report detailed the Corporate Assessment, which was based on three "headline questions" underpinned by five themes. Each theme was underpinned by detailed Key Lines of Enquiry which inspectors would use to assess the Council's performance. The Children and Young People judgment under Question 3 would be based on the Joint Area Review of Children's Services, which would be carried out at the same time as the Corporate Assessment. Further information about this had been provided to Councillors in separate bulletins and at the informal Member seminar on 16th January, 2006.

Each of the five themes i.e. Ambition, Prioritisation, Capacity, Performance Management, and Achievement were scored on a scale of one to four. These scores were then combined to form a score for the whole Corporate Assessment, again on a scale of one to four.

The score for the Corporate Assessment was expected to be announced in June 2006 and it would then contribute to a new star rating for the Council to be published at the end of June 2006. It would subsequently form a major part of the score for the annual star ratings to be published each December until at least 2008 and possibly one or two years after that. It cannot be updated, however much the Council improves in the meantime.

As regards Self-Assessment, prior to the Corporate Assessment, the Council had to provide a Self-Assessment. This would be used to help inform judgements made by the assessment team and decisions regarding the scope and focus of the assessment team's on-site fieldwork. This self-assessment would also be used as evidence of the Council's self-awareness of its current capacity to deliver improved outcomes for local people.

The format and length of the Self-Assessment were prescribed by the Audit Commission and the deadline for the submission was 20th January, 2006. At the time of the completion of the report submitted, the Self-Assessment was still work in progress. Sections 1 to 5 were near completion (though some further information was still

awaited) and were attached as Appendix 1 to the initial report submitted. A consolidated final draft of Section 6 of the document was circulated to Councillors at the meeting.

The report indicated that it could still be necessary to make some changes to the text of the Self-Assessment, either as a result of comments made by Councillors or the receipt of additional information and therefore sought approval for the Chief Executive to be authorised to make the necessary amendments so that it could be submitted to the Audit Commission within the required timescale.

The report indicated that the Audit Commission required councils to give their own scores to each of the themes in the Self-Assessment. Employees considered that a score of three out of four should be awarded for each of the following themes: Ambition; Prioritisation; Performance Management and Achievement. It was believed that the Council was also very close to a score of 3 for capacity but that a rigorous interpretation of the Key Lines of Enquiry for this theme currently made a score of 2 out of 4 more appropriate.

At the Council's last Corporate Assessment in 2004, the Audit Commission agreed with the Council's self-assessed score for all of the 9 themes which were then used to form the overall judgement. If they did so again this year and were awarded the scores listed above, this would result in an overall Corporate Assessment score of 3 and increase the Council's star rating to 3 stars.

RESOLVED that the City Council:-

- (1) Note the progress for conducting the Corporate Assessment of the Council and the requirement to produce the Self-Assessment beforehand.**
- (2) Note the latest draft Self-Assessment attached as Appendix 1 to the report submitted.**
- (3) Delegate authority to the Chief Executive to finalise the Self-Assessment in the light of comments from Councillors and any further information which becomes available, prior to submitting it to the Audit Commission.**

113. Outside Bodies – Amendment to Appointment – Coventry General Charities Trustees

The Council considered a report of the Director of Legal and Democratic Services which sought to amend the appointment to the Coventry General Charities Trustees made at the City Council's Annual General Meeting in May 2005.

RESOLVED that Councillor Mrs. Maskell be replaced with Councillor Crookes as the City Council's representative on the Coventry General Charities Trustees.

114. Debate – New Build Approved After January 2008

Councillor Lee moved the following Motion, which was seconded by Councillor Mrs. Dixon:-

"This Council will work to ensure that where possible, all new build approved after January 2008 will have a percentage of its energy needs generated from renewable sources and have recycling provision built into each design. This would apply to new domestic, commercial and retail buildings. This will help Coventry to the forefront as a truly green, low emission and environmentally aware city of the future in line with our commitment to Agenda 21."

RESOLVED that the motion as set out above be adopted.

(NOTE: The meeting closed at 10.00 p.m.)